

Federal Trade Commission
SUBJECT: USPS Study, Project P071200

1 July 2007

Pursuant to Federal Register/ Vol. 72, No. 83/ Tuesday, May 1, 2007, July 2, 2007 deadline for comments. I submit comments to the questions asked by the FTC in regards to the costs incurred by United States Postal Service in following the Laws that created it, and give it the authority to conduct it's Public Service. Directorate for Financial, Fiscal and Enterprise Affairs Committee on Competition Law and Policy; Working Party No. 2 on Competition and Regulation, 10 Feb 1999 – lists 43 laws that the Postal Service must follow and their impact. Comptroller General Report #090111 estimated that the Postal Service incurs costs of \$1.1 billion dollars in 1974 following the provisions of laws and regulations that it must follow. While it is of value to list all the Laws and the costs associated with them, I believe that it would be of more value to list some of the Laws that the Postal Service has failed to follow and the cost to the American Public for the failure.

“All that is necessary for evil to triumph is for good men to do nothing” Edmund Burke.

GAO-04-108T 2003 report Bold Action Needed to Continue Progress on Postal Transformation, placed the Postal Service on the High Risk List, for problems with the “business model”. National Academy of Public Administration; The Strange Story of Postal Reform, Feb 2007 noted that the GAO removed USPS from the High Risk List without the Postal Service improving it's “business model” when P.L. 109-435 became law. This Law eliminated the Public Law that the Postal Service pays for some of the Veterans retirement benefits. This Law had been put in place when the Postal Service was created out of the Postal Department. The Public in giving the Postal Service billions of dollars in assets expected the Service to return some benefits to aid our veterans. The Postal Service's failure to set aside the money for 37 years resulting in a billion dollar loss to the America Public.

Government Officials are forbidden by law not to give preferred treatment to any individual or organization. So why has the Postal Service given preference to “partners” and “shareholders”? Management Instruction AS-333, Direct Marketing Co-branded Products or Services to Employees, violates several Federal Regulations. 1. The Postal Service is forbidden by Title 39 not to endorse or allow the use of the Postal Service Trademarks by private organizations of individuals. 2. The Postal Service is forbidden by Title 39 and Title 5, Privacy Act not to give out addresses or lists of addresses to non-government entities. Why has the Postal Service give public money to professional sports teams for bicycling and NASCAR? Title VIII – General Provisions Government-Wide section 820 directs *“No part of any appropriation contained in this or any other Act shall be used directly or indirectly, including by private contractor, for publicity or propaganda purposes within the United States not heretofor authorized by Congress.”* Has Congress authorized this? GAO report GAO/GGD-93-89 found that the Postal Service spent \$43.2 million dollars on Olympic advertising. The Postal Service could not provide any documentation to verify revenues or cost savings that resulted. Why is the Postal Service telling Window Clerks that their job is dependent on selling non-union

China made tee shirts and stuffed bears from these partner companies? Title VIII – General Provisions Government-Wide section 619, requires that none of the funds be used to import merchandise produced by child labor. China is one of the worst offenders of child labor rules, so why is the Postal Service buying China made merchandise without checking? Section 837, requires Federal Agencies to report to Congress at the end of the fiscal year *“the amount of the acquisitions made by the agency from entities that manufacture the articles, materials, or supplies outside of the United States.”* Has the Postal Service ever reported this to Congress? What happen to the Public Law 108-199, Buy American Act? Why is the Postal Service stuffing an advertisement from Chase Credit Card in with my payroll check? Why is the Postal Service partnering with private and foreign companies on the Postal Blue (Federal Government) website to sell products? The Postal Service Accountability and Enhancement Act of 2003 prohibited the Postal Service from *“engaging in other lines of business, such as e-commerce, that draw time and resources away from letter and package delivery.”* Management Instruction AS-350, Marketing E-mail, and MI AS-610 Web Site Affiliation, would violate this restriction. GAO report GAO/GGD-96-59, found that three of seven purchases reviewed involved ethics problems covered by the Ethics in Government Act of 1978. The report found *“problems were due to poor judgment and decisions to circumvent existing internal controls”*. OIG report CA-MA-00-001, found that *“Postal Service contracting officials may have paid approximately \$12.6 million more than our calculated prenegotiation objective on seven contracts. ... To illustrate the potential value, we calculated that contract audits could potentially identify an average of \$1 million in questioned costs per audit ... could potentially identify about \$61 million in questioned costs”*. OIG report SA-AR-06-003, found that Postal Inspection Service did not include justifications for noncompetitive contracts. These problems that cost millions continue to exist in both the Postal Service and Inspection Service.

OIG report CA-MA-03-009 in 2003, found that the Postal Service leased 28,536 facilities with over \$821 million in annual rent. The report found that the Postal Service did not identify and document the conditions of these facilities. OIG report EN-AR-07-002 in December 2006, found that the Postal Service did not fully document changes to service standards and did not include an analysis of service performance when considering consolidating facilities. OIG report CA-MA-07-002 in February 2007, found that the Postal Service did not conduct the sale of the Philadelphia property in compliance with the requirements of the Postal Service and multiple relationships resulted in an apparent conflict of interest. ASM 273.112 requires that Facility Planning Concepts be used to address security requirements for every Postal Service-owned or –leased facility and reviewed by Inspection Service before they are built or remodeled. The Postal Service has failed in these requirements and most facilities would fail the mandatory Handbook RE-5 Site Security Requirements. In 1970 Congress gave the Postal Service several billion dollars in assets (27,000 facilities) from the former Postal Department. At that time (1970) the Postal Department had few leased facilities. The Comptroller General’s report to the Subcommittee on Treasury, Post Office, and Executive Office Committee on Appropriations United States Senate, Mar 1971, found that *“decisions as to whether to construct or lease a facility would based on the evaluations made...”*. GAO report GAO/PLRD-82-79 (1979) found that *“leasing as is should only be allowed in unusual*

situations and should be supported by a written determination". OIG audit report FA-AR-00-003, found that *"58 of the 124 site acquisition files reviewed did not provide documentation to support the reason a specific site was acquired ... files do not contain documentary evidence of legal review."* In 2006 the Postal Service had 37,000 facilities with 28,536 of them leased from stakeholders/partners at a cost of over \$800,000,000 a year. What happened to 73% of the billions of dollars in facilities that the Postal Department once owed?

Under the Reorganization Plan of 1950 incorporated in Title 40 section 301, – President, Harry S. Truman, established *"far-reaching changes which directed the released of rented buildings and greatly reduced the cost of the Government establishment. Similar procedures applied in the larger center of field activity should produce substantial savings"* .

This Presidential rule under Title 40 section 121, also requires that The Administrator of General Services *"Issue regulations, periodically undertake surveys and ensure cooperation with the heads of Executive agencies."* Further, under the General Provisions the heads of Executive agencies shall cooperate with the Administrator and that federally owned or leased facilities shall conform to the provisions of this Order. Executive Order 13327 section 1 Policy – *"It is the policy of the United States to promote the efficient and economical use America's real property assets and to assure management accountability for implementing Federal real property management reforms"*. The Government Performance and Results Act of 1993 found that *"waste and inefficiency in Federal programs undermine the confidence of the American people in the government"*. The purpose of the Act was to *"improve the confidence of the American people in the capability of the Federal Government, by systematically holding Federal Agencies accountable for achieving program results."* Title 40 section 3304, requires that the GSA Administrator and the Postal Service to act *"jointly"* in selecting public buildings. Further, section 3304 requires that the select site be *"most advantageous to the Government"*. Both The Postal Service and the GSA Administrator have failed to follow the law, costing Rate Payer billions.

Executive Order 12072 requires that the *"availability of adequate public transportation and parking and accessibility to the public"*. The Postal Service does not follow this Executive Order which costs employees and the Public extra because of the loss of public transportation access.

Another program that the Postal Service has failed in is Title 40 section 590 – Child Care. The Postal Service does not provide the required child care in facilities with over 1,000 employees. With \$60 billion dollars in revenue, \$39 billion goes out to contractors with little thought to saving the Public any money.

OIG report SA-AR-04-001 in 2001 found that the Postal Service fired 95 Postal Police with no documentation to assess the validity of its methodology. The Postal Service cited an 18 year old Security Force Assessment Survey as reason that the Security Force was fired. The Postal Service statement that *"following a comprehensive review of*

Security Force operations, staffing, and risk assessment at postal facilities, the Postal Inspection Service closed Security Force operations at six sites: ... Seattle, Washington” was found to be untrue by the OIG report. The same year Inspection Service hired 216 extra inspectors to provide 24/7 response for the Biological Detection System placed in all Mail Processing Centers. One only has to read the newspaper about the mass killing in 2006 at the Mail Processing Center in Oregon to see that it took 5 hours for law enforcement officials to enter the building. Where were the 24/7 Inspection Service inspectors? This was a lie told to postal employees by the Chief Postal Inspector and the Postmaster General. Title VIII – General Provisions Government-Wide section 806 directs the Postal Service to use the funds recovered through recycling be available for the employment of guards of **all** facilities. In 1973 Inspection Service had 1,961 inspectors and 2,648 security force personnel (Comptroller General 096758). In 1986 Inspection Service had 1,920 inspectors and 1,745 postal police (GAO/AFMD-87-24). In 2007 Inspection Service has 1,970 inspectors and 1,100 postal police. With 10,000 more facilities since 1973 why has Inspection Service cut 1548 security force jobs? In 2004 the Postal Service deployed Security Guards across the country replacing Postal Police is also untrue because they fired the Postal Police in 2001 and the replacement “guards” were only placed at some facilities for one year, then nothing. The Postal Service only has guards at “critical” facilities that have not had any surveys to determine what is “critical”. Inspection Service purchased Mobile Incident-Command Vehicles, at \$2,000,000 each of its 80 districts. The incident in the newspaper with the grandmother, sending flour in the mail that opened, had 8 different law enforcement agencies respond to it. Where was the Inspection Service coordination? What Public benefit was gained from spending \$160 million dollars? The Postal Service’s present policy of “let the local responders handle it” is a violation the Unfunded Mandates Reform Act of 1995. Congress in Title 41 Public Buildings, funded the Security Force by requiring the Postal Service to use the *“funds derived from it’s recycle program to fund a Security Force for all facilities.”* In 2003 Postal Inspection Service completed 199 risks models for 37,000 facilities. At that rate it would take Inspection Service 185 years to complete a risk model for each facility. In FY 2005 the Inspection Service Annual Report of Investigations, Postal Inspectors continued to review security conditions and to train Security Officer to evaluate security at their facilities. Postal Service Policy contained in Administrative Support Manual requires that the Security Control Officer to do an annual security survey and enter the results in the Facility Security Database. OIG report SA-AR-07-003 in 2007 found that responsible security personnel did not always conduct the required annual Facility Security Surveys. The Postal Service and Inspection Service has failed in their lawful responsibilities for security of facilities and employees costing lives and money.

OIG report LB-MA-00-001 in 2000 found that the Postal Service managers were reassigned when they failed to maintain good employee relations instead of addressing the situation through discipline or other corrective actions. I signed a petition that was sent to Vice President Western Area, Sylvester Black, who sent a representative from Denver to look into the mismanagement in the Seattle District. I spent several hours in a meeting with Brenda Hill from Denver and 30 postal employees detailing the abuse. During the meeting it was clearly pointed out that some managers had inappropriate sex

with lower grade employees. Manager of Distribution, Don Jacobs, was identified as getting a supervisor in training pregnant who ended up getting an abortion and a divorce from her postal service husband. Mr. Jacobus was then caught in his office having sex with another supervisor. This Supervisor is married to another postal employee who works in the same building. The Supervisor was later promoted by Mr. Jacobus. This violated Postal Service policy ELM 661.53 immoral conduct, CFR 39, 447.21 Prohibited Conduct (d) – immoral conduct, Title 5 2635.502 Personnel relationships, and title 5 2302 Prohibited Personnel Practices. Mrs. Hill said that she would discuss everything with Mr. Black. Mr. Black also sent Human Resources Specialist, Dorothy Giorgio, to investigate and she spoke individually with employees. Mr. Black two months later promoted Mr. Jacobus to an Executive Position of Plant Manager. When I and several employees complained to the local OIG, an Inspector came to the plant. The first thing the OIG Inspector did was to go to the Supervisors and told them the employees he wanted to see. This violated an employee's right of protection of identity when making a complaint. The Inspector told me that he would not look into any wrongdoing by Management unless they were stealing mail. The Inspector General Act requires that the OIG must receive and as appropriate, investigate complaints from any person. He said that he would look into what his boss would let him. He told other employees the same. I never heard back from him. The Seattle District Manager, Dale Zinser, against the requirements in Postal Service Policy Handbook EL-312.513.3 unlawfully hired and promoted his son Brian Zinser. I tried to find out why the Postal Service would promote an employee who has never worked in maintenance and was never a first line supervisor to a Maintenance Manager position. This EAS employee was temporarily placed in the higher level position more than 120 days making him ineligible for the promotion. The Plant Manager did not even post the selecting letter, on the bulletin board to notify effected employees who their new boss is, as required by the promotion policy. Title 39 section 1001 requires by law that Postal Service Officials to follow the promotion policies. These promotions are unlawful and the OIG has refused to investigate. OIG report LR-AR-99-008 found that that a District Manager failed to investigate sexual misconduct and reassigned a Supervisor after stating he would not. There was a "contradiction" between the Area Vice President's statement and the findings. Title 18 section 201, makes it a crime to accept anything of value and sex does have value. OIG report LB-MA-00-001, found that "*the Postal Service did not discipline managers who failed to maintain good employee relations.*" OIG report LH-AR-02-004, found that the Postal Service did not fully document Postal Career Executive Service promotions. OIG report FT-AR-02-001, found that the Shared Real Estate Appreciation Loan Program, "*was not comparable to programs offered by private sector.*" This program purchases executive homes and has the Postal Service operate as the lien holder. This program is unlawful enrichment of pay only offered to executives. The Postal Service has no legal authority to operate as a lien holder. The Postal Service management at all levels conspires to cover up unlawful behavior which costs are incalculable.

Office of Inspector General, Long Statement for the Record on the Status of the United States Postal Service, for the hearing before the Subcommittee on Federal Workforce, Postal Service... the Work-sharing programs in the Postal Service has "resulted in slow, **de-facto** privatization of the Postal Service". OIG report CA-AR-06-002 in May 2006,

found that controls over non-competitively awarded contracts to former Postal Service employees need improvement. OIG report SA-AR-06-006 in May 2006, found that non-competitively awarded contracts to former Postal Service Inspection Service employees were missing the justifications. Management Instruction AS-710, states that *“Unauthorized contractual commitments range from simple misunderstandings to serious deviations from purchasing policies and procedures.”* The Postal Service has systematically deviated from purchasing policies and procedures. Further, in the Federal Register/Vol. 70, No 74/April 19, 2005, the Postal Service stated *“When Congress passed the Postal Reorganization Act it exempted the Postal Service from most governmental purchasing regulations ...”*. This is untrue, the Act does not say anywhere that the Postal Service is exempt from following the purchasing policies. The Act in title 39 specifically says to follow the Purchasing Manual. The statement that *“the public will benefit greatly”* is also untrue. Further, section 601.100, Purchasing Policy – *“It is the policy of the Postal Service to acquire property and services in accordance with 39 U.S.C. 410 and all other applicable public laws enacted by Congress.”* So the Postal Service basically said that they would follow *“purchasing practices used by leading corporate enterprises”* and not applicable public laws such as the Postal Accountability or Government Performance Acts. Postal Service Finance Handbook F23 General Policies 2-3, *“The code of ethics requires that officers conduct the business of the Postal Service on behalf of the organization in an honest and ethical manner and promote honest and ethical conduct throughout the organization.”* There is nothing honest or ethical about these actions that cost so much.

When the American people learn about the Postal Service’s corruption they will lose confidence in what was a great Public asset that has been systematically sold or contracted to private partners and shareholders. The failures of the Postal Service to follow the intent of Congress and the American Public has cost not only billions of dollars, it has cost the lives of citizens effected by the corruption.

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